

Highlights of Department of Revenue Achievements 2005-2009

In the last four years, the Department of Revenue has attained record levels of productivity in serving Montanans. The following are highlights of the Department's progress in achieving results for Montanans.

Serving Montana Citizens and Businesses Well

- The Department of Revenue has successfully replaced broken computer systems—the ill-fated POINTS system and five aging property tax systems—with strong and effective systems (GenTax and Orion) that serve Montana citizens well.
- The Department in less than two years moved to the top ranks of state tax agencies in electronic filing opportunities for citizens. Citizens and businesses can now file over 40 tax forms for free online and can also look up their past tax records electronically in a secure environment. Accountants can file corporate and partnership returns electronically for the first time—a long-standing request of the tax practitioner community that the Department has now fulfilled.
- In 2007 more than half of the nearly 240,000 Montana households who received \$94.5 million in property tax refunds filed their claims through our new free, online service. In only 12 weeks the Department developed and launched new systems, databases and forms for the \$400 refund program. Citizens told us repeatedly that this was the most efficient government program they had ever seen. They were on target because the Department's administrative costs were only 1% of the value of the refunds.
- In 2008, taxpayers filed a record number of individual income tax returns—up by 31,000 or over 6% in one year—and even with this increase, Montanans received their tax refunds in the fastest times on record.
- Montanans are receiving accurate answers to more questions more quickly from our well-qualified call center staff.
- Taxpayers are seeing letters forms and instructions written from their perspective and not the Department's—these improved communications make the tax system more understandable and easier for citizens to navigate.
- Citizens and businesses can be assured that their confidential tax data is more secure today than ever before and will be even more secure tomorrow.
- A Director of Taxpayer Assistance was hired to meet the mandates of the Taxpayer Bill of Rights.
- In terms of providing information to serve the Legislature, Clayton Schenck, Legislative Fiscal Analyst, wrote this year that, “you have done a great deal for us, and yes, more than any time in legislative history, have given us more data than ever before, including some by your own initiative.”

Improving Tax Equity and Integrity in Montana

The Department of Revenue seeks to thank the large majority of taxpayers who properly file and pay their taxes. One way the Department does that is by asking those who are not paying their fair share of taxes to begin doing so. The Department is achieving record improvements in tax equity and integrity as a result.

- The Department has nearly tripled its annual compliance collections since FY 2002. Compliance collections were \$20 million in 2002. The Department increased those collections to \$58 million annually in the last two years and will top \$60 million in FY 2009. The Department is earning on average for Montana citizens an 800% rate of return—and new compliance activities are running at an incredible 1500% rate of return. This tax equity work is a great investment for the citizens of Montana.
- The Department has brought greater equity to our tax collection activities by addressing long-neglected major delinquent tax cases. In one major case, the Department forged a partnership with several counties to successfully collect a tax debt to the benefit of state and local taxpayers.
- In 2005, the Department replaced a Texas collections contractor whose practices upset Montanans. The Department quadrupled the former contractor's performance and treated citizens right in the process. Business Week magazine recently recognized the Department for this performance in their "Managing Smarter" issue.
- To help ensure that taxpayers experience professionalism, courtesy and efficiency in Department audits, the Department has initiated surveys of audited taxpayers to secure their observations on the audit experience. A high portion of the audit surveys report positive audit experiences. Information gained from the surveys is used to improve audit procedures and guide auditor training.

Valuing Montana Property Equitably

The Department takes seriously the mandate of the Montana Constitution to equalize the valuation of all property in the state. To assure all taxpayers that there is no preferential treatment in the property tax system, the Department has made more certain than ever that the same standards and procedures apply to all properties—whether they are locally or centrally assessed.

- The Department has successfully resolved major property tax cases—such as the PPL Montana case, creating fiscal certainty for local schools and fairness for all taxpayers, especially farmers, ranchers and homeowners. The Supreme Court's PPL decision also sets the standards of practice for centrally assessed property valuation that will guide the Department and major taxpayers for years to come.
- The Department has completed the largest reappraisal of properties in state history.
- When questions arose about late-breaking housing trends early in 2008, the Department undertook extraordinary measures to take account of those trends in the final reappraisal results. Those measures included adding six months to the data collection period for reappraisal, seeking outside studies to test the accuracy of the Department's market data and conducting eighteen listening sessions around the state with local housing market experts.
- Farmers and ranchers can be assured that their land valuations will be based on the best science and data available concerning land use and soil characteristics ever used for tax appraisals. The Department is working cooperatively with farmers and ranchers to adjust the new data to reflect their circumstances well. The Department is appreciative of the help of the Agricultural Land Advisory Council and the Revenue and Transportation Interim Committee in designing reappraisal communications to producers and to agricultural producers for their excellent response.

Administering Montana's Liquor Laws

The Department of Revenue administers the state liquor control laws that include the wholesale liquor operation and liquor licensing. The following are highlights of the achievements in this area as well:

- The Department has achieved record levels of productivity in the operation of the wholesale liquor distribution system in terms of the volume of product distributed per employee, the achievement of service level objectives and reducing costs as a percentage of receipts.
- The Department has issued the largest increase in restaurant beer and wine licenses since the initial creation of those licenses and has implemented historic changes, mandated by courts and new state laws, that open access to Montana licenses from non-residents and to in-state markets by wineries and breweries located outside the state.
- The Department is forming partnerships with liquor licensees, other state agencies, local government and interested citizens to help address underage consumption of alcoholic beverages.

...With Respect and Dignity

More important than any of the objective and measurable achievements of the Department in the last four years is the commitment the Department has made to treating each person it serves with respect and dignity. One of the unique provisions of the Montana Constitution is the right of individual human dignity. Nothing the Department does is so important that it is worth sacrificing an individual's dignity. That, more than anything else, is the commitment this Director has supported in the Department of Revenue.